

Testing your business idea for viability

Let's be real – not every idea is a great one. And even some great ideas in the wrong market will fall flat. Here's how to test your idea and make sure you understand what makes your market tick before you get started.

Define your unique value proposition (UVP)

Identify how your product or service solves a problem, or fulfils a need, better than others.

What makes your offering unique?

Why should customers choose you?

Identify and understand your target audience

Demographics – age, gender, income level and education.

Psychographics – interests, values and lifestyle.

Behaviours – buying habits and brand interactions.

Conduct a feasibility study

Look at the technical, economic, legal, operational and scheduling parts of your business.

Decide if your idea is practical and profitable.

Develop a minimum viable product (MVP)

Create a simplified version of your product to test core functionalities.

Use the MVP to get user feedback and make improvements.

Gather customer feedback

Use surveys, questionnaires and interviews to collect feedback.

Platforms like SurveyMonkey or Typeform can make this process easier.

Assess market demand

Use tools like Google Keyword Planner to see search volumes.

Analyse trends with Google Trends to understand what people want and when.

Run a competitor analysis

Identify direct and indirect competitors.

Analyse their strengths, weaknesses, pricing and market share.

Calculate financial projections

Estimate your start-up costs, operating expenses and potential revenue.

Set your break-even point and profitability timeline.

How to conduct basic market research and customer validation

Good market research includes both quantitative and qualitative methods. This means you use both numbers and what people say to make changes. Let's go through some examples.

Primary research

Surveys – design clear, concise surveys with a mix of open and closed questions. Send them out by email or social media.

Interviews – conduct one-on-one or group interviews. Prepare open-ended questions to encourage detailed responses.

Focus groups – assemble a group that represents your target market. Facilitate discussions to explore perceptions and attitudes.

Secondary research

Use industry reports, academic journals and trade publications to gain an overview of the market landscape and identify macro trends. Macro trends are major shifts in consumer behaviour on a global scale.

Data analysis

Organise your data using spreadsheets or data analysis software.

Look for patterns, correlations and insights that can help you plan your strategy.

Pre-sales or crowdfunding

Launch a pre-sale campaign to assess interest and make some money early on.

Platforms like Kickstarter or Indiegogo can help you test if a market is likely to work.

Ethical considerations

Make sure you're complying with data protection regulations. For example, the General Data Protection Regulation (GDPR).

Obtain consent for data collection and be transparent about what you're using the data for.

Online forums

Chat with potential customers on platforms like Reddit, LinkedIn or industry-specific forums.

Use social listening tools, like Sprout Social, to track mentions and sentiment.

Customer personas

Create detailed profiles to represent segments of your target market.

Include demographics, needs, pain points and buying behaviours.

Observation

Analyse customer behaviour in natural settings. For example, in-store visits and website analytics.

